

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

July 1, 2002
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Councilmembers Creighton, Davidson, Lee, Mosher, and Noble

ABSENT: Deputy Mayor Degginger

1. Executive Session

Mayor Marshall opened the meeting at 6:00 p.m. and announced recess to executive session for approximately 20 minutes to discuss one item of property acquisition and one item of pending litigation. The study session reconvened at 6:32 p.m.

2. Study Session

(a) Parks and Open Space Bond Issue

City Manager Steve Sarkozy noted Council's ongoing discussion regarding a potential parks and open space bond issue this fall. Staff is requesting action tonight to finalize the content of the voter initiative.

Parks and Community Services Director Patrick Foran recalled that survey results presented to Council on June 24 indicated strong community support for a \$78 million parks and open space bond measure. Tonight staff will present alternative packages ranging from \$50 million to \$78 million. The estimated impact to an average Bellevue homeowner for a \$78 million bond is \$131 annually. The annual cost of a companion maintenance and operations levy is \$18 for an average household. As directed by Council, acquisition is a major part of all alternatives to be presented except the \$68 million package eliminates a future downtown mini park.

Mr. Lee feels it is important to complete existing parks and facilities, as indicated by residents in the recent survey. If a package of less than \$78 million is chosen, Mr. Lee feels it should preserve the \$33 million allocated to development projects with a reduction in the \$45 million slated for acquisition projects. He supports the list of projects identified for the \$33 million.

Dr. Davidson expressed a preference for a \$60 million package. Mr. Mosher expressed support for the \$65 million package alternative.

Responding to Mr. Creighton, Mr. Foran said the \$65 million package potentially funds the following items for Enatai Beach Park not funded by the \$60 million package: boat launch, parking, playground, and landscaping. Staff would work with residents to identify their top priorities. Parking facilities and the playground could be provided for \$1 million. For Bellevue Botanical Garden, the \$3 million expenditure (in the \$68 million and \$78 million packages) would go toward expansion of the visitors center and general garden improvements.

- Mr. Creighton moved to direct staff to prepare a preliminary draft ordinance and other documents necessary to place two propositions before the voters on September 17, 2002. One proposition would be to issue \$68 million of general obligation bonds for acquisition and development of parks, as summarized by the Council discussion tonight. The second proposition would be to levy additional property taxes annually in the amount of approximately \$645,000 in order to pay for the annual operation and maintenance of the parks acquired and developed through the bond issue, as summarized by Council discussion tonight. Mr. Noble seconded the motion.

Responding to Mr. Mosher, Mr. Foran said the \$68 million package includes \$2 million to complete the circle at Downtown Park. Mr. Mosher expressed support for the motion.

Mr. Creighton feels it is important to decide on a package level and move forward. He agrees with Mr. Lee's position about completing existing parks but he feels it is important to acquire parks and open space now before opportunities no longer exist.

Dr. Davidson noted his preference for a \$60 million bond package. However, he will support Council's majority decision and encourage voter approval.

Mr. Noble supports an emphasis on acquisition because opportunities are diminishing. A renewed focus on development will likely become appropriate in five to seven years.

Mr. Lee would like to see additional investment in Crossroads Park and the greenway system.

Responding to Mayor Marshall, Mr. Foran said current Parks staff should be able to handle the workload associated with \$23 million in development projects over seven years. Projects could be accelerated through the use of limited-term employees. In further response, Mr. Foran said the sportsfield improvements include some partnership efforts with Bellevue School District. Mrs. Marshall suggested increasing the maintenance and operations levy to support further partnership efforts with the school district, including projects such as a larger (700-800 seats) performing arts theater at one of Bellevue's four high schools. Mr. Lee concurred. Mr. Mosher would like specific cost information before deciding whether or not to support this idea. Mr. Creighton agreed, noting that this is a complex issue.

Responding to Mr. Noble, Mr. Foran said Council can choose to allocate a certain amount of money to Bellevue School District partnerships and to specify this in the ballot language. Mr. Creighton noted Council's philosophy of matching maintenance and operations funding to properly support capital investments. Dr. Davidson commented that general budget funds can be allocated to bond measure items if needed and desired in the future. Mayor Marshall noted

Council's preference to pursue partnerships with Bellevue School District separately from the bond issue.

Mr. Foran noted that since the \$68 million package reduces spending for neighborhood parks in comparison to the \$78 million package, choices will have to be made about which parks to develop.

- The motion to direct staff to prepare a preliminary draft ordinance and other documents necessary to place two propositions - \$68 million of general obligation bonds for park acquisition and development and a property tax levy to provide approximately \$645,000 annually for maintenance and operations costs - before the voters on September 17, 2002, carried by a vote of 5-1, with Dr. Davidson dissenting.

Mayor Marshall thanked staff and Councilmembers for their hard work throughout this long process. She thanked the Parks and Community Services Board and the Environmental Services Commission for initiating the bond package.

(b) West Lake Hills Neighborhood Investment Strategy (NIS) Implementation

Mr. Sarkozy recalled Council's request on May 28 for specific information about staff's ability to implement projects identified as "immediate" by the West Lake Hills Neighborhood Investment Strategy effort. Planning and Community Development Director Matt Terry said staff is seeking Council direction regarding whether to proceed with the immediate action items. Staff recommends that the City's new neighborhood gateway initiative be implemented first in the West Lake Hills area.

Cheryl Kuhn, Community Affairs Coordinator, recalled staff's estimate of \$200,000 to implement immediate West Lake Hills NIS projects. Items such as Police enforcement and Utilities right-of-way maintenance, landscape pruning, and safe pedestrian access during construction are services that can be enhanced without significant increases in costs and staff time. Similarly, five identified Transportation Department projects can be implemented within the coming months by existing staff.

Turning to Parks projects, Ms. Kuhn said Arbor Day/Earth Day expenditures have already occurred. Staff recommends using a portion of the City's existing tree replacement fund to provide trees on Lake Hills Boulevard. Requested directional signage can be provided at a modest cost by existing staff. The item for enhanced access to community center programs will take additional funding (approximately \$11,000 per year) and a diversion of staff time to provide special transportation for West Lake Hills' residents to attend community center programs. Regarding the recommendation for community festivals, Ms. Kuhn said these events can be significantly staff-intensive in terms of the planning and coordination required. She suggested replacing a current event/project with a community festival and joining with larger celebrations such as Bellevue's upcoming 50th anniversary.

Turning to Planning and Community Development projects, Ms. Kuhn said staff is currently working on shopping center redevelopment. The neighborhood's request for gateways was

originally designated as an intermediate project because it is contingent upon Council's approval. Staff recommends implementing the gateway project first in West Lake Hills.

Remaining items represent education and outreach activities which could range in scope and resource requirements. Ms. Kuhn suggested focusing on smaller projects targeted at specific needs. Smaller projects, such as a code compliance emphasis, can be implemented using the time equivalent of .2 FTE (full-time employee). Ms. Kuhn said \$30,000 in funds are available for neighborhood matching fund programs. She suggested that the requested property maintenance pilot project could be implemented in partnership with an Advance Bellevue project team. Neighborhood organizing could be supported through the efforts of approximately .15 FTE along with the members of the West Lake Hills Citizen Advisory Committee.

Ms. Kuhn reviewed the goals of the West Lake Hills CAC:

1. Preserve and enhance neighborhood identity and character.
2. Address issues of aging neighborhoods.
3. Develop community involvement and leadership.
4. Apply coordinated City resources to make an impact.

She requested Council approval to move forward with the immediate projects and to designate West Lake Hills as the pilot area for the gateway project.

Responding to Mr. Lee, Mr. Terry said \$200,000 has been budgeted for the first year of the gateway initiative. Staff will develop specific project estimates later this summer. Mr. Lee commended staff members for their willingness to accept more work but expressed concern about taking on so many additional projects.

Dr. Davidson would like staff to develop a better solution, perhaps a boardwalk, for the walkway on 148th Avenue that occasionally becomes flooded.

- Mr. Mosher moved to direct staff to proceed with the West Lake Hills Citizen Advisory Committee "immediate" projects and to identify West Lake Hills as the pilot area for gateway projects. Mr. Creighton seconded the motion.

Responding to Mr. Noble, Ms. Kuhn said the West Lake Hills CAC expressed an interest in defining a visual theme and incorporating that theme into neighborhood entrances, schools, and commercial developments. Mr. Noble commented that other neighborhoods have expressed an interest in gateways. Ms. Kuhn said staff is suggesting West Lake Hills as the first area for a gateway project because of Council's interest in the area. The gateway program is currently funded for three years and additional neighborhoods could be addressed in future years.

Dr. Davidson suggested separating the two issues contained in the motion. He would prefer to address the gateway issue in the ongoing budget process.

Mr. Lee recalled his understanding that the gateway program would focus on major gateways into the city. He agreed the gateway issue should be addressed in the ongoing budget process.

As a side issue, Mayor Marshall inquired about a promise made to West Lake Sammamish residents during the annexation process to plant trees in a particular area. Mr. Terry said the project is funded in the Parks budget and will be carried out.

Mrs. Marshall suggested that proposed West Lake Hills community events be linked to activities for Bellevue's 50th anniversary. She recommended coming to some agreement with the East Bellevue Community Council prior to dedicating significant staff hours to shopping center revitalization in West Lake Hills. Noting her concern about the economy, Mrs. Marshall wants to be sure that commitments made to West Lake Hills residents can be implemented before initiating a similar project in another neighborhood.

- ➡ Dr. Davidson moved to divide the question, and Mr. Lee seconded the motion.
- ➡ The motion to divide the question carried by a vote of 5-1, with Mr. Mosher dissenting.
- ➡ The motion to direct staff to proceed with the West Lake Hills Citizen Advisory Committee "immediate" projects carried by a vote of 6-0.
- ➡ The motion to identify West Lake Hills as the pilot area for gateway projects carried by a vote of 5-1, with Dr. Davidson dissenting.

At 7:52 p.m., Council recessed to the regular session. Mayor Marshall said Council will resume the study session following the regular session.

The study session reconvened at 9:13 p.m.

(c) Budget Review Session – Capital Investment Program (CIP)
Revenue/Expenditure Forecasts

Mr. Sarkozy opened Council's ongoing discussion regarding the 2003-2004 budget. Interim Finance Director Gary Ameling provided an overview of the Capital Investment Program (CIP) Plan presentation.

Mike Sigsbee, Acting Assistant Finance Director, said the 2003-2009 early outlook forecast contains preliminary revenue estimates and a preliminary recosting of uncompleted projects from the 2001-2007 CIP Plan. The forecast adds two new years (2008-2009) to ongoing projects and utilizes updated inflation factors and cost estimates. Revenues are expected to only be sufficient to cover the completion of existing projects and the addition of two new years for ongoing projects. Sales tax revenue in the early outlook forecast are down approximately \$9 million and real estate excise tax revenues are down \$7 million. Similarly, estimated transportation impact fees are down \$5 million. Ongoing projects were recosted to include 2008-2009, adding \$25 million to the CIP Plan. Another \$3 million has been added to distinct ongoing projects due to legislative changes, environmental regulations, and other requirements not related to any change in project scope.

Mr. Sigsbee said major new project demands include the Neighborhood Investment Strategy program, a Finance/Human Resources Information System, potential Public Safety/City Hall facilities, and early actions under the Downtown Implementation Plan. He discussed three funding alternatives:

- Reprioritize existing projects – Projects approved but not yet started total \$17 million. Of this, \$14 million represents general CIP funds that can be allocated to other items. The remaining \$3 million is dedicated to BROTS (Bel-Red-Overlake Transportation Study) projects. Ongoing projects total \$12 million annually. Another 29 projects are less than 10 percent complete and are therefore subject to reevaluation for potential reallocations.
- Increase use of debt financing.
- Identify additional tax revenues – Mr. Sigsbee recalled staff's presentation to Council on April 29 regarding revenues and taxing capacity. These items will be discussed further at the Council budget retreat on July 23.

Responding to Mr. Lee, Mr. Sigsbee said revenues are sufficient to cover ongoing CIP projects through 2009. In further response, Mr. Ameling said the use of alternatives depends on Council's decisions about which new, particularly large, projects are to be added and their timeframe for completion.

Mr. Mosher suggested not making any significant changes to the CIP Plan at this time. He appreciates staff's proactive approach to alert Council to potential revenue shortfalls.

Mayor Marshall said Council would like brief project descriptions including information about the extent of the public process conducted for applicable projects. She requested staff's recommendations regarding potential reallocations between projects, based on their knowledge of the status of each project.

Continuing, Mr. Ameling reviewed CIP policies. Council previously identified two areas of interest: 1) reviewing underlying CIP policies to explore issues that affect project delivery, and 2) understanding external factors that impact CIP project delivery. Mr. Ameling explained that the CIP Plan is a balanced plan in which revenues equal expenditures over the 7-year plan. Policies guide project prioritization, types of projects included, funding plans for maintenance and operations costs, public input into project planning, the use of debt, and the relationship to other long-range plans such as the Comprehensive Plan, Transportation Facility Plan, Fire Master Plan, and Parks and Open Space Plan.

Responding to Mr. Creighton, Mr. Ameling explained maintenance and operations costs. When a CIP project is proposed, staff prepares a costing analysis of capital costs and estimated M&O costs. Once a project is accepted into the CIP Plan, departments then request access to M&O funds. Inflationary increases are provided to the departments. CIP revenue estimates typically increase 6-7% annually and maintenance costs increase approximately 3% annually.

Mr. Mosher suggested that a transition period, perhaps five years, be established for transferring M&O funding into a department's regular budget after a project is completed. Mr. Ameling said he is a strong supporter of the City's current practice in this regard, particularly in light of the

current budget crisis at King County and the County's failure to provide adequate M&O funding. Responding to Mr. Mosher, Mr. Sarkozy expressed support for the City's current thoughtful and conservative approach.

Responding to Dr. Davidson, Mr. Ameling said there is not enough money in the operating budget to handle additional M&O costs without reducing some programs and/or increasing taxes.

Mayor Marshall expressed an interest in streamlining the public input process to reduce the burden of time and effort on citizens. She feels there could be a better balance between citizen involvement and resource expenditures.

Moving to CIP programming alternatives, Mr. Ameling said Council expressed an interest in identifying alternatives to programming new projects into the last two years of the 7-year CIP Plan and to consider creating a reserve project to allow for new opportunities that arise during the year. Typically the CIP Plan programs more expenditures within the first three years, particularly when inflation rates are higher than interest rates. However, since current inflation rates are lower than interest rates, Mr. Ameling said it is prudent to be cautious about accelerating projects. Mr. Mosher said the construction cost environment is also a determining factor. Mr. Ameling agreed and noted the current favorable bidding climate.

Mr. Ameling discussed two CIP projects representing opportunities for funding reallocations: P-AD-15, Property Acquisition (Parks), and CD-3, Opportunity Development and Acquisition (Community Development). Staff will provide updated information in the fall for further discussion.

Mayor Marshall declared the meeting adjourned at 9:58 p.m.

Myrna L. Basich
City Clerk

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